DOCUMENT RESUME

ED 071 398 EM 010 638

TITLE	A Guide to Federal Regulation; Understanding the FCC Rules.
INSTITUTION	Cable Television Information Center, Washington, D.C.
SPONS AGENCY	Ford Foundation, New York, N.Y.; John and Mary R. Markle Foundation, New York, N.Y.
PUB DATE	72
NOTE	12p.; See also EM 010 635-637, EM 010 639-643
AVAILABLE FROM	Cable Television Information Center, The Urban Institute, 2100 M Street, N.W., Washington, D. C. 20037 ($3.00)
EDRS PRICE	MF-$0.65 HC Not Available from EDRS.
DESCRIPTORS	*Cable Television; Federal Government; *Government Role; *Legal Problems; *Legal Responsibility; Local Government; Marketing; State Government
IDENTIFIERS	*Federal Communications Commission

ABSTRACT

While it is apparent that the Federal Communications Commission (FCC) has given a great deal of thought to the regulation of cable systems, the basic success or failure of cable as a communications service will depend on local development. Relatively little guidance has been provided to local franchising authorities for selecting among applicants, for designing franchise areas or determining what services a community needs. The rules in these areas have purposely been left ambiguous and fluid in order to allow the greatest amount of local impact in an area where only local answers can ensure that a cable system will serve the public interest. This guide specifically describes the FCC's role and the regulatory process in regard to cable television. The current problems, such as access and origination cablecasting, enlargement of channel capacity, pay-cable, and competition with broadcast television signals are revealed and discussed with appropriate references to FCC decisions and opinions. (MC)

Cable Television
Information Center
the urban institute

A Guide to Federal Regulation

ED 071398

EM 010 638

PERMISSION TO REPRODUCE THIS COPYRIGHTED MATERIAL BY MICROFICHE ONLY HAS BEEN GRANTED BY

Thomas E. Wilson

TO ERIC AND ORGANIZATIONS OPERATING UNDER AGREEMENTS WITH THE U.S. OFFICE OF EDUCATION. FURTHER REPRODUCTION OUTSIDE THE ERIC SYSTEM REQUIRES PERMISSION OF THE COPYRIGHT OWNER.

Copyright ©1972 by Cable Television Information Center. All rights reserved. No part of this document may be used or reproduced in any manner whatsoever without written permission except in the case of brief quotations embodied in critical articles and reviews. For information address: Cable Television Information Center, 2100 M Street, N.W., Washington, D.C. 20037. Att: Information Group.

PREFACE

This document was prepared by the Cable Television Information Center under grants from the Ford Foundation and the John and Mary R. Markle Foundation to The Urban Institute.

The primary function of the center's publications program is to provide policy makers in local and state governments with the information and analytical tools required to arrive at optimum policies and procedures for the development of cable television in the public interest.

FOREWORD

This short guide to the federal regulation of cable television is not meant to provide a substitute for reading the Federal Communications Commission's rules governing cable. The guide purposely avoids consideration of past forms of regulation or intricate problems of interpretation which may require specialized legal assistance. Instead, its purpose is to introduce those members of the community who are planning local regulation of cable television to the federal framework within which local regulation will develop.

ED 071398

A GUIDE TO FEDERAL REGULATION:

Understanding the FCC Rules

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
OFFICE OF EDUCATION
THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL OFFICE OF EDUCATION POSITION OR POLICY

CABLE TELEVISION INFORMATION CENTER
The Urban Institute
2100 M Street, N.W., Washington, D.C. 20037

CONTENTS

THE FEDERAL ROLE AND THE REGULATORY PROCESS 5
THE FCC'S CONCEPT OF A BASIC CABLE SYSTEM 5
CHANNELS AND SIGNALS 6
ACCESS AND ORIGINATION CABLECASTING 6
TWO-WAY CAPABILITY 6
ENLARGEMENT OF CHANNEL CAPACITY 6
THE LOCAL FRANCHISING AUTHORITY'S RESPONSIBILITY UNDER THE CURRENT RULES 7
ACCESS CABLECASTING CHANNELS 7
PAY-CABLE 8
BROADCAST TELEVISION SIGNALS 8
RADIO SIGNAL CARRIAGE 10
CERTIFICATION AND SPECIAL RELIEF 10
FORMS AND REPORTS 10
REQUIREMENT FOR CERTIFICATION OF OPERATING SYSTEMS AND SYSTEMS FRANCHISED BEFORE MARCH 31, 1972 10
SUMMARY 10

THE FEDERAL ROLE AND THE REGULATORY PROCESS

While local and state governments have had a long history of regulating the local functions of the telephone company, beginning with the Communications Act of 1934, responsibility for regulating interstate communications has rested with the FCC. The Act of 1934 or statute (47 U.S.C. 151-609) gave the commission the responsibility "to make available . . . to all the people of the United States a rapid, efficient, Nationwide, and world-wide wire and communication service with adequate facilities at reasonable charges . . ." (47, U.S.C. 151).

The Communications Act details how the commission is to provide communications services. Until the new cable rules were enacted, the FCC's principal means of providing service was through licensing radio and television stations and certification of communications common carriers such as the telephone company.

However, the recently enacted cable rules develop a new means of establishing communications service. Cable television, because it serves some functions of television stations and resembles the wire transmission of the telephone company, required a new form of regulation to fit into the nation's communication system. The commission, in the Act of 1934, was permitted to assume legislative powers and form rules to regulate new developments. The cable television rules issued in February of this year and reconsidered and, in some instances, modified on June 16, 1972,[1] now form the federal law governing the operation of cable television systems.

Before it issued the rules, the FCC sought other views on the rules in much the same way Congress holds hearings on a bill. The period for comments lasted several years. The report that precedes the order that issues the rules explains why the commission wrote the rules as it did, and why suggested alternatives were not selected.

If cable television performed a totally new function, establishing rules and a policy to govern cable would have been easy for the commission. But cable not only makes use of broadcast television signals, but also strings cable on telephone company poles. The commission saw cable's use of broadcast TV signals as potentially injurious to the television service it had just established in the 1950s. At the same time, the FCC viewed cable television as a means of providing television service to areas that had no stations or had poor signal quality. Most important, the commission envisioned the multi-channel capacity of cable as a new means of originating television programs via cable without using scarce over-the-air television frequencies. Thus, establishment of cable rules and the development of broadband cable represents a trade-off to the FCC—the possibility of injury to the economic strength of over-the-air television is measured against the development of broadband communications.

In sum, the rules carry out the mandate of the Communications Act to establish a nationwide communications service by allowing cable television to use broadcast television signals in exchange for developing new services over the cable. A risk of some injury to the existing television scheme is balanced against the future development of the new services cable can offer.

To ensure that the risk is minimal the FCC has set out specific requirements for the operation of cable systems. The most intricate of these regulations deal with what a cable system can and cannot do with television signals. In exchange for allowing the carriage of television signals, the commission has set out requirements to develop the other services a cable system can provide.

Unlike radio and television, the FCC will not select the operator in any particular community. The development of cable services in any community will depend largely on who operates the system. The commission realized, however, that the process of selection would be too complicated and involve too many communities for it to undertake. To ensure, then, that cable operators will build systems and provide services that will reflect local needs, the FCC will not permit a system to carry television signals unless it can demonstrate that local officials have held the system accountable to standards the commission has set.

THE FCC'S CONCEPT OF A BASIC CABLE SYSTEM

The FCC's rules exhibit a view of the services cable systems will perform in exchange for carrying television broadcast signals. In the most populous areas, where broadcast television is economically strongest, the commission expects cable systems to provide the most new services. The rules refer to these areas as the major broadcast television markets. Major

[1] Copies of the commission's rules can be obtained from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402, at nominal cost. (Section 76.301). They were also printed in the Federal Register, Vol. 37, No. 30, February 12, 1972, p. 3252 and the reconsideration was published in the Federal Register, July 14, 1972, Vol. 37, No. 136, Part II, p. 13848. A more readable form is available from Television Digest, Inc., 1836 Jefferson Place, N.W., Washington, D.C. 20036. Final Cable Television Decision, 152 pp. (memorandum included), $3.00. Also available from the Cable Television Information Center, 2100 M Street, N.W., Washington, D.C. 20037.

markets roughly encompass the service areas of the television stations in the nation's 100 largest metropolitan areas. (See Section 76.51 for a full listing of the 100 major markets.) If a community is not included in one of the major markets, the rules allow the city to choose whether or not a system will be required to provide services similar to those in the major markets (See Section 76.251(b)).

CHANNELS AND SIGNALS

A cable television system, for purposes of developing communications services, may be viewed as a band of frequencies that travel through a cable instead of the air (like broadcast TV signals). Every cable television system in a major market must have 20 television broadcast channels or 120 megahertz of bandwidth (Section 76.251(a)(1)).

Channels must be capable of carrying various kinds of signals, and the commission has designated classifications for each type. A Class I channel carries television broadcast signals (Section 76.5(3)). Class II channels carry television signals originated by the system and not broadcast over-the-air. Class III channels carry signals that require a decoding device to be received by a television receiver, such as that used for pay television. And signals intended to be received by a device other than a television receiver—AM and FM radio signals for instance—are also carried on Class III channels. Class IV channels provide a path to carry signals from the subscriber's home to some other point in the cable system. This is commonly referred to as "two-way capability" (Section 76.5(aa), (bb), (cc), and (dd)).

The FCC's plan is to foster new cable services by permitting broadcast television signals to be used as an economic base. Hence, the rules require not only that a cable system provide a 20-channel system, but it must match the amount of bandwidth for cablecasting, pay cable and other types of Class II and III signals (Section 76.251(a)(2)). For example, a system that carries 11 channels of television broadcast signals would have to provide a total of 22 channels of bandwidth from the beginning.

ACCESS AND ORIGINATION CABLECASTING

Those programs that are not part of the current television broadcast scheme, but are developed only for distribution on the cable system, are referred to as "cablecasting" (Section 76.5(v)). Cablecasting can take two forms: origination cablecasting and access cablecasting. The difference here lies in who determines what programming will be produced. Origination cablecasting is that programming carried on the cable system and controlled by the cable operator (Section 76.5(w)), while access cablecasting is presented on the public, educational, local governmental, or leased channels (Section 76.5(x)) where programming is controlled by the person who produces the programs.

Requirements have been set to ensure that cablecasting of both varieties will have channel space on the system. A cable system that has 3,500 or more subscribers must have facilities available for the local production and presentation of programs and must "to a significant extent" act as a local television outlet (Section 76.20(a)). In the major markets a cable system must also provide a free public access channel for noncommercial use by the general public on a first-come, nondiscriminatory basis (Section 76.251(a)(4)). Additionally, there must be one free educational channel and one free local government channel available (Section 76.251(a)(5) and (6)). The remaining nonbroadcast bandwidth must be made available for leasing, with at least one channel available for part-time users (Section 76.251(a)(7)).

TWO-WAY CAPABILITY

A cable system in a major market must contain one other important feature. It must have the technical capacity not only to send signals to subscribers but to have the potential capability of receiving nonvoice return (digital) from subscribers (Section 76.251(a)(3)).

ENLARGEMENT OF CHANNEL CAPACITY

The rules also determine when the number of channels provided must be increased. If the governmental, educational, public access and leased channels are in use during 80 per cent of the weekdays for 80 per cent of the time during any consecutive three-hour period for six consecutive weeks, the system has six months to provide a new channel (Section 76.251(a)(8)).

But, if a franchising authority determines that more channels are necessary at the outset, the commission's rules do make provision for seeking special relief or waiver of the 20 channel requirement when the system is certified.

In essence, then, a cable system is viewed as a conduit for channels that carry television signals and has additional bandwidth or channels for other services. In major markets, or where other communities set requirements, some of these other services must include the provision of channels for use by the public, educational authorities, and local government. Although the cable operator has the right to carry programming on other channels, the system must also

make some of the other channels available for leasing, at least one of which must favor part-time users. It must be remembered, however, that the cable operator must originate programming regardless of the market if he has 3,500 or more subscribers.

THE LOCAL FRANCHISING AUTHORITY'S RESPONSIBILITY UNDER THE CURRENT RULES

The preceding section lists a series of obligations an operator must meet if the system is going to operate by carrying broadcast signals. However, the local franchising authority must determine initially whether a cable system will be built in a community and what services the community requires.

The foregoing discussion about what services a system must offer assumes that the cable system will include television broadcast signals as part of its service. The requirements apply only if the system carries the broadcast signals. Assuming it will—aside from a few hotels, no cable system today provides channels without television signals—the cable system must be certified by the Federal Communications Commission before it can carry television broadcast signals (Section 76.11). In order to obtain a certificate, a cable system operator must present a local authorization (franchise, certificate, etc.) meeting the following requirements (Section 76.31(a)(1-7)):

1. The franchise must develop from a public proceeding that affords due process and considers all qualified applicants.
2. Public participation must be provided in the selection process to ensure that the needs and desires of all segments of the community are carefully considered.
3. The applicants' legal, character, financial, and technical qualifications must be approved.
4. The adequacy and feasibility of construction arrangements must be assessed.
5. A timetable for construction must be established that will result in "significant construction" within one year after receiving commission certification. The system must then equitably and reasonably extend energized trunk cable to a substantial amount of the franchised area each year.
6. The period of authorized operation must not exceed 15 years.
7. The local authority must approve the initial rates and provide a procedure that will allow for public participation in all rate increases.
8. There must be established procedures for resolving consumer complaints about the quality of service, equipment malfunctions and other matters.
9. The franchise fee must not exceed three per cent of the system's gross revenues unless justified in terms of regulatory cost and then not exceed five per cent.

The list, of course, raises a number of issues for the local franchising authority. What type of public proceeding will be established to review the applicants? What type of system capabilities will best serve the interests of the community? How long should the franchise period be? What is an equitable plan for wiring the community? Which applicant will best develop the service needs within the franchise area? Who is going to pass on rates and consumer complaints? What procedure will be used to pass on complaints and rates? The questions require a well thought out process and a well developed local regulatory program to complement and implement the federal requirements.

In addition, there are other important issues of local concern. Although the FCC has set basic technical requirements in Subpart K of the rules, beginning with Section 76.601, the commission views the rules as only a start. Franchising authorities are invited to set "more stringent technical standards."

Another area for local exploration is whether or not the planned system should be interconnected with other systems either on a regional or statewide basis. Unanswered also is the question of how to extend service from urban to rural areas. These are issues that probably will not be raised and considered unless local officials do so.

ACCESS CABLECASTING CHANNELS

In terms of service development, the access channels offer a block of channels that will be of primary concern to both subscribers and potential users. In the major markets, some initial access channel requirements exist. But, outside these markets it is up to the local franchising authority to decide whether or not any of the major market access channel requirements will apply. However, whatever the size of the community, the franchising authority may not set more stringent access channel requirements unless the cable operator, at the behest of the franchising authority, seeks the FCC's approval at the time the system is certified. (See *Memorandum Opinion and Order on Reconsideration of the Cable Television Report,* June 16, 1972, FCC 72-530, Par. 79, footnote 25.) For example, if a city should decide that more than one governmental channel is necessary and it should be provided on a free basis, FCC permission is required.

One might ask why communities were limited in this way. The commission saw free channels as devices that would—if left to be negotiated between the franchising authority and the operator—upset the economic stability of a system. Therefore, without a plan that could both justify use of the extra free channels and demonstrate the system's ability to provide them, the commission views its channel requirements for operators as an area where the city cannot regulate.

Of course, this neither forecloses the city or its educational authorities from leasing additional channels nor from asking the FCC, through petitions for special relief or waiver, to experiment with other plans.

Among the major problems that local authorities will have to consider in this area will be the question of whether equipment to produce programming on the access channels should be leased or free. The FCC has only required cable systems to "have available the minimal equipment and facilities necessary for the production programming" for the public access channel (Section 76.251(a)(4)). But, importantly, the commission also expects there will be facilities available for the cable operator to do local live programming, (Section 76.201) which should be available for some use by other channel users. (See the FCC Order issuing the origination rule, 20 F.C.C. 2d 214 (1969).) Local authorities will have to clarify what programming facilities will be available and when in order to ensure that the community will have sufficient programming facilities for all potential users.

Because the cable operator is responsible for ensuring that users have access to the education, public and leased channels, the system must demonstrate its full plan for their administration to the commission at the time of certification (Section 76.251(a)(9)(10) and (11)) and Section 76.13(a)(4)). The franchising authority will want to examine this plan when considering applicants and perhaps devise a monitoring device to ensure that the operator maintains fair procedures.

One other point should be emphasized. The FCC's arrangement for programming must not inhibit the use of the facilities "for local programming designed to inform the public on controversial issues of public importance," (Section 76.201). The commission's justification for mandatory program origination is that development of cable communications is at the stage where no one but the cable operator—in many markets—will have sufficient incentive to produce originated material that will attract existing and potential subscribers. In line with this view, the FCC expects greater development of local programming by the cable operator outside major markets where there is less potential for independent development of local programming.

In addition, a franchising authority should note that when a cable system seeks federal certification it must demonstrate how the system will comply with the origination requirements of Section 76.201 (See 76.13(a)(4) as amended June 16, 1972).

PAY-CABLE

Cable systems are also allowed to sell subscribers programs at a per-program or a per-channel charge in addition to the monthly subscriber fee (Section 76.225). These programs could be originated by the cable operator or they could be provided on one of the leased channels. The rules now include tentative requirements, prohibiting charges for series types of programs with an interconnected plot or substantially the same cast of characters (Section 76.225(2), (3), (4)). Advertising is permitted only to promote other programs and must come at the beginning or end of a paid for program. The FCC has been asked to reconsider its pay cable requirements and will act shortly. In the meantime, as a cursory reading of the pay-cable rules will illustrate, the commission currently attempts to protect those movies now being shown in theaters and sports programs now shown on broadcast television. The provision permitting pay cable is significant and may, particularly in large cities, have a major impact on both the economics of the cable system and the ways subscribers will receive innovative programming.

BROADCAST TELEVISION SIGNALS

The provisions which determine what broadcast television signals and programs a cable system provides to its subscribers are among the most complex series of federal rules in existence in government. Cable operators, at this point, look upon television signals as the main selling feature of cable service. Local television stations see the importation of new TV signals into their market as competition that could discourage major advertisers such as regional or national chain store operators. Currently, chain stores purchase time from all stations in an area, but with cable carrying stations on a regional basis, this may no longer be considered necessary.

The FCC is concerned with broadcast television's advertising revenues because of the impact it could have on the programming service television stations now provide. Copyright holders and sports team owners see cable as transferring programming material to other areas where they may not want their programs broadcast or for which they have received no compensation. The commission would prefer that

Congress take care of the sports team owners' and the copyright holders' problems, but in the meantime, it has attempted to protect some kinds of nonsports programming and is currently considering protecting sports events that are blacked out locally from carriage on the cable.

Aside from protecting a few special kinds of programming, the main thrust of the FCC's television carriage rules has been to offset the risk of allowing cable systems to carry some television signals that are not viewed without cable against establishing a communications system with a potential for new services.

In the major television markets, which the rules limit to the 100 largest markets (Section 76.51), cable systems can carry the following signals, which essentially amount to those signals already viewed without cable in the community.

1. Local signals, which are those located within 35 miles of a fixed point in the market.
2. Stations which meet the commission's significant viewing test (the table that forms Appendix B to the rules gives the signals for every county).
3. Educational stations that place at least a Grade B signal contour within the community.
4. All translator stations within the cable community that have 100 watts of power.

If the carriage of all these signals by the system does not give the market what the rules define as basic service, the cable operator can select distant signals to make up the basic service. In the 50 largest markets, basic service is three full network stations and three independents. For markets 51 to 100, basic service is three full networks and two independents, and in small markets (those with television but below number 100) the basic service required is three full networks and one independent.

Assuming the operator decides to import distant signals, the system must first provide basic service. However, if the community is in a top 100 market, an operator is allowed to import two distant signals, even if the community already has basic service. But, if one of the distant signals needs to be imported to achieve the basic service, then only one more can be imported after the basic service standard is met. In other words, if the operator uses up two signals in providing basic service, he cannot bring in any more once the community has the basic signals.

In areas that have television service but are not part of a major market (known as the small markets), the rules work similarly. Again, any station providing service within a 35 mile zone of the center of the market must be carried. Grade B educational signals must be carried as well as Grade B commercial signals that penetrate the community from other smaller markets.[1] Here, too, the cable system will carry signals of 100 watt translators and stations the commission has determined as being "significantly viewed." However, in the smaller markets, basic service includes the three networks and one independent and no additional signals may be imported beyond the basic service.

For cable systems that operate outside the service areas of any licensed television stations the rules permit carriage of television signals without restriction as to number. However, they must carry all Grade B signals, all educational stations within 35 miles, and 100 watt translators licensed to the cable community.

Local stations, those within the 35 mile zone, are protected against the distant signals the cable operator does carry by rules which: (a) prohibit simultaneous showing of the same program on a distant channel that is being shown by a local channel; and (b) preclude carrying certain syndicated programs being shown on one of the distant channels that local stations have contracted for.[2]

Necessarily, any summary of the television carriage rules tends to oversimplfy them. Any actual determination of program or signal carriage can accurately be determined only by reading the rules and, in some cases, by seeking professional communications assistance. As can be seen from this short discussion, the rules ensure that existing signals in the community are carried on the cable and that the cable operators make every effort to provide programming service that is missing in the community. At the same time, the rules attempt to protect programming that is already carried locally. Those programs which are protected must be blacked out on the distant channels, but the operator can substitute programming from other distant stations. The effect, therefore, is not just to protect locally carried programming, but to ensure that new programs that are not now viewed in the cable system's community will be presented.

Franchising authorities should inquire as to which stations will be carried and what program sources will be tapped for programs to take the place of those that the system will be unable to carry. Every cable operator must also explain this aspect of the system's operations to the FCC at the time of certification (Section 76.13(a)(1)). The full aspects of television broadcast signal carriage can be found in rules §76.51-76.65, §76.91 - 97, §76.151-76.159.

---

[1] Grade B is that portion of a broadcast television service area where a good picture is available 90 per cent of the time at 50 per cent of the receiver locations.

[2] The 35 mile zone is an area extending in a radius of 35 miles from the approximate center of the television station's community.

RADIO SIGNAL CARRIAGE

Currently the commission is deciding which radio broadcast signals can be carried. Until a decision is reached, no radio station located outside a zone of 75 miles from the cable community can be carried in cities of less than 50,000 population that have licensed radio stations. In addition, no radio signal can be brought into any community where the cable system does not carry all AM and FM stations licensed to the community (Notice of Proposed Rule Making Docket 19418 RM-1782).

CERTIFICATION AND SPECIAL RELIEF

The local community's process is important not only to the community but to the cable operator. Unless the requirements of due process are met in a public proceeding and the franchising authority meets the FCC standards, the system cannot begin operation with television signals. The approval which the commission gives is called certification; it must be obtained by all cable systems franchised after the rules were adopted in February and by all other systems before March 31, 1977.

Certification is the point at which the system operator demonstrates he will comply with the FCC rules pertaining both to the carriage of television and radio broadcast signals and to the development of the broadband services required by the rules. In addition, the operator must show that the local franchise and the process of developing the franchise meet the commission's standards.

At the time the cable operator seeks certification, notice must be given to the franchising authority and the authority must be served with copies of the application for certification. The city can then object to certification or seek any kind of special relief from the rules it feels is warranted. For example, assuming the community has use for more than 20 channels or it wants to experiment with an operational two-way digital system, the operator and the franchising authority can seek to demonstrate the need for special relief. The time of certification is then the occasion for the community to establish any needs that may vary from the FCC's requirements. (See Section 76.13 for filing certification application and Section 76.7 for seeking Special Relief.)

FORMS AND REPORTS

A cable operator not only needs to have the system certified but must file an annual report, giving an overview of the system, with the commission by March 1, a financial report by April 1, and pay an annual fee of $.30 per subscriber to the FCC on April 1 (Section 76.401, 76.405, 76.406). These reports need not be filed with the local franchising authority unless the authority requires they be filed.

REQUIREMENTS FOR CERTIFICATION OF OPERATING SYSTEMS AND SYSTEMS FRANCHISED BEFORE MARCH 31, 1972

In those instances where systems have been built and are operable before March 31, 1972, the franchise need not be renegotiated to comply with the commission's requirements until March 31, 1977. The system also need not be certified. Currently, all other franchised systems that were not in operation before March 31, 1972, need to obtain certification. However, where a system franchised before March 31, 1972 was not built, it must demonstrate substantial compliance with FCC rules in order to become certified. Where substantial compliance does not exist, a system must seek special relief.

Systems that seek special relief from the certification requirements must demonstrate "a significant financial investment or binding contractual agreements prior to March 31, 1972." In this regard, the commission has asked franchising authorities to participate in such requests, either supporting them or opposing them (Section 76.7). The cable operator must notify the franchising authority when seeking such relief.

SUMMARY

While it is apparent that the Federal Communications Commission has given a great deal of thought to the regulation of cable systems, the basic success or failure of cable as a communications service will depend on local development. Relatively little guidance has been provided to local franchising authorities for selecting among applicants, for designing franchise areas, or determining what services a community needs. The rules in these areas have purposely been left ambiguous and fluid in order to allow the greatest amount of local impact in an area where only local answers can ensure that a cable system will serve the public interest.